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COST OF FINISHING FEEDER PIGS

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Specialization in the swine industry has resulted in the availability of more feeder pigs. These feeder pigs are available to feeders through organized feeder pig marketing associations or by direct contacts with the pig producers. The availability of quality feeder pigs has brought about a new industry, that of finishing feeder pigs to slaughter weights.

What does it cost to finish 50-pound feeder pigs? Would it be profitable to feed sorghum to hogs at current prices? These are questions which hog producers frequently ask and which this publication can help answer.

Some of the variables (Table 1) which influence the cost of producing pork are: cost of the feeder pig, cost of feed, feed efficiency (the pounds of feed required per pound of gain), veterinary service, medicine, labor, marketing, interest on operating expenses and death losses. However, the three variables that account for the highest percentage of the total cost under normal management conditions are the cost of the feeder pig, feed and feed efficiency. This publication deals with two of these major variable costs: feed cost per cwt. and feed efficiency. Understanding how changes in these two factors affect the cost per pound of hog gain is important in improving the efficiency of a hog finishing operation. For each \$1.00 increase in feed cost per cwt., the cost per 240-pound finished hog increases by about \$6.00, with a feed efficiency of 3 pounds of feed per pound of gain. Also, for each quarter-pound change in feed required per pound of gain, there will be a respective \$3.00 change in finishing cost per 240-pound hog with a \$6.00 per cwt. price of feed.

The cost of finishing a 50-pound feeder pig to 240 pounds with varying feed cost and feed efficiency may be calculated by the following:

- Apply the sorghum and 40 percent protein supplement cost to Table 2 to estimate the ingredient cost of a 15 percent protein ration. Add a grinding and mixing charge to the indicated ingredient cost.

- Calculate the production cost using the pre-determined feed cost and expected feed efficiency, Table 3. These production costs include a \$32.80 feeder pig cost as presented in Table 1. If the actual pig cost differs from \$32.80, the production cost per 240-pound hog can be adjusted by this difference. For example, the total cost of producing a 240-pound slaughter hog that cost \$22.80 as a 50-pound pig would be approximately \$76.50 instead of \$86.50. The cost of other non-feed expenses may be adjusted in the same manner.

The net profit of finishing a hog to 240 pounds with a feeding efficiency of 3.0 can be determined with Table 4. The influence of feed cost and market price on net profits is indicated in this table. Fifty-pound feeder pigs that cost \$32.80; are fed \$7.00 per cwt. feed; require 3 pounds of feed per pound of gain; and are sold on a 40¢ market should return approximately \$13.00 to management.

Table 1. Estimated cost and returns per finished hog

	Pounds feed per pound gain		
	3.00	3.25	3.50
1. Gross receipts			
Finished hog 240# @ \$.41/cwt.	\$98.40	\$98.40	\$98.40
2. Variable costs			
Feeder pig 50# @ \$65.60/cwt.	32.80	32.80	32.80
Feed @ \$6.92/cwt. ¹	39.44	42.73	46.02
Veterinary and medicine	1.00	1.00	1.00
Labor .61 hour @ \$1.75/hr.	1.07	1.07	1.07
Death loss, 2%	1.10	1.13	1.16
Marketing (transportation included)	1.00	1.00	1.00
Miscellaneous	.60	.60	.60
Interest on operating expenses @ 9%, 6 months ²	3.37	3.52	3.67
Total variable costs	80.38	83.85	87.32
3. Income above variable costs	18.02	14.55	11.08
4. Fixed cost ³	2.48	2.48	2.48
5. Total cost	82.86	86.33	89.80
6. Net returns to management	15.54	12.07	8.60

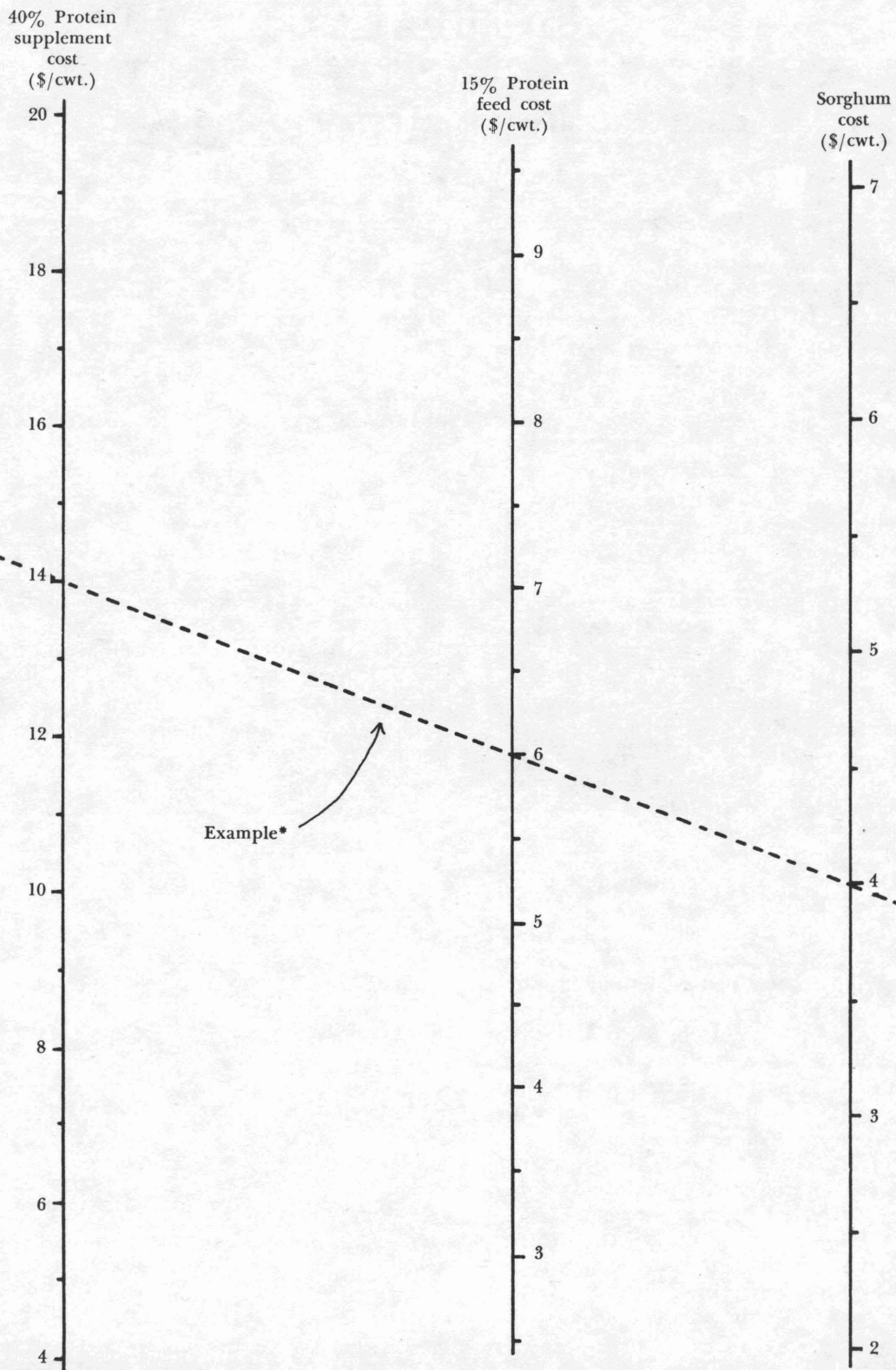
¹15 percent average protein

²Excludes death loss and marketing.

³Fixed costs based on \$40.00 per head capital investment.

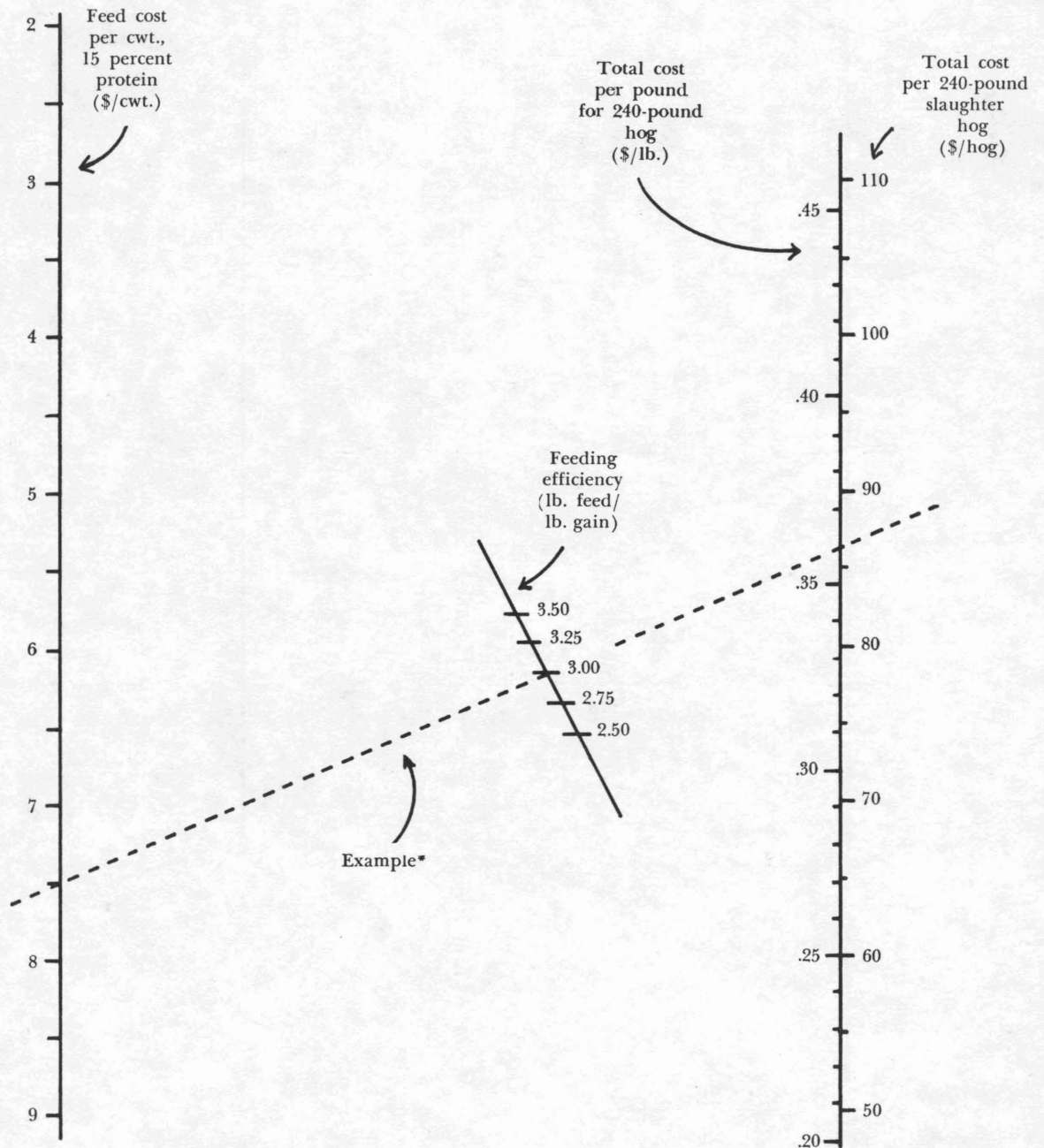
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Table 2. Cost of 15 percent protein ration with varying cost of 40 percent protein supplement and sorghum (grinding and mixing charge not included).



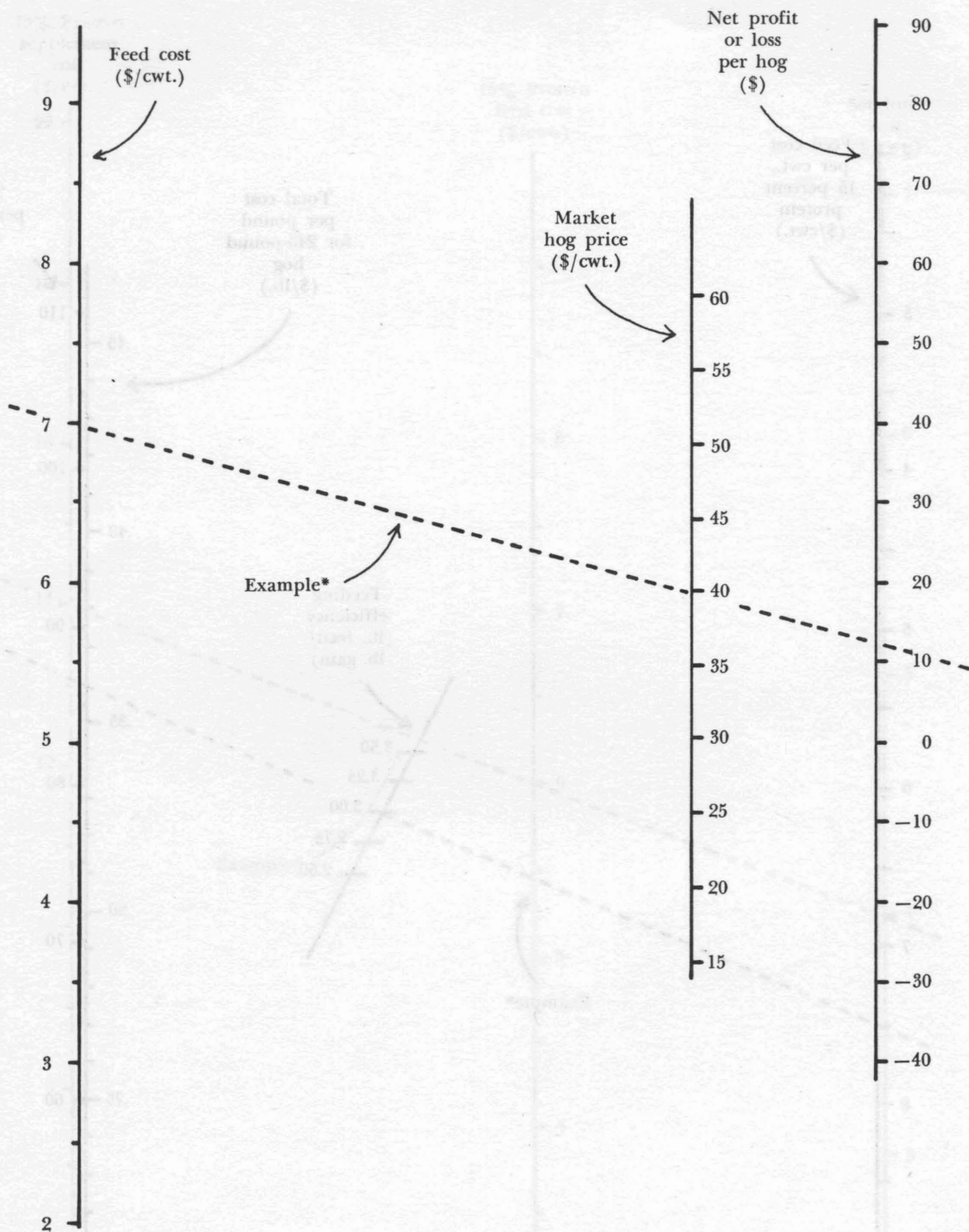
*Explanation: Place a straight edge across the sorghum and 40 percent protein supplement prices. Where it crosses the middle line will be your cost for a 15 percent protein ration. Example—a \$14 supplement and \$4 grain sorghum cost gives a \$6 mixed feed cost. Note: The cost of grinding and mixing should be added.

Table 3. Production cost per pound and per hog for 240-pound hogs with varying feed cost and feeding efficiency.



*Explanation: Place a straight edge across feed cost per cwt. and feeding efficiency (pounds feed required per pound gain); extend this line to find estimated production cost per pound or cost per hog. Example—a feed cost of \$7.50 per cwt. and an efficiency of 3.0 gives a production cost of about \$.36 per pound or \$87.40 per hog.

Table 4. Net profit for management per 240-pound hog with feeding efficiency of 3.0 and varying feed and market hog prices.



*Explanation: Place a straight edge across feed cost and market hog price; extend this to find net profit per hog. Example—paying \$7 per cwt. for feed and selling 240-pound hog for \$40 per cwt. gives a net profit of about \$13 per hog.

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